

# Help shape the future of LONG BEACH

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Gerald R. Miller  
City Manager

Dear Long Beach Resident,

Community input has been the foundation of the City's budget process since the fall of 2002. At that time, City staff noted a serious structural imbalance in the City's General Fund Budget, which would have totaled over \$100 million had nothing been done. With the community's input and direction, the City created a Financial Strategic Plan (Plan) and reduced the projected structural deficit from \$102 million in 2003 to \$10 million remaining at the end of 2006.

The City's commitment to balancing the budget with the community's priorities, in mind, has made a significant difference in the City's financial structure. This commitment has been noticed by others outside the city as well. Prominent Sacramento Bee columnist Dan Walters, in a February 7, 2006 column, extolled the financial management, the community participation and the leadership of Long Beach.

*"When Long Beach officially acknowledged its looming deficit in 2003, the City Council and its administration undertook a complex process, dubbed the Financial Strategic Plan, to close the gap over three years by increasing revenues from fees and then prioritizing its expenditures. It included an expansive outreach process that gave residents and interest groups many opportunities to list what was vital and what was not," said Mr. Walters.*

Building upon the successes of the last three years, City staff is currently attending more than 70 neighborhood and community meetings to obtain input for the Fiscal Year 07 Budget (October 1, 2006 - September 30, 2007). Most importantly, the community is invited to attend the **Fourth Annual Budget Summit on July 8, 2006** (see page 4 for details). City staff will present a preview of the proposed FY 07 Budget and ask for the community's comments.

In the coming months, we will continue the difficult dialogue regarding limited resources and increasing community needs through a series of public meetings. With \$10 million to be trimmed from the FY07 Budget, your input is vital. The City is asking for your help to determine those priorities and decide how future General Fund dollars will be spent.

We hope you can attend at least one of the meetings listed on the right to ensure that your voice is heard.

Gerald R. Miller  
City Manager



Your voice will shape the future for this Long Beach generation

## Upcoming Opportunities for Community Input on FY'07 Budget

Event	When	Where
City Council Budget Oversight Committee Meetings	2:30 pm 3rd Tuesday of every month	City Council Chambers 333 West Ocean Blvd. Long Beach
Neighborhood, Commission, Committee and Board Meetings	Various Times June and July 2006	Throughout the city
"Budget 101" Workshop	6:00 pm June 19, 2006	Neighborhood Resource Center 425 Atlantic Ave. Long Beach Call 570-1010 for information.
Budget Workshop: Preview of the FY 07 Proposed Budget	3:00 pm June 13, 2006	City Council Chambers 333 West Ocean Blvd. Long Beach View real time: • LBTV, Channel 8 • Streaming video at www.longbeach.gov
4th Annual Citywide Budget Summit	Doors open at 8:30 am Presentation begins at 9:00 am July 8, 2006	The Grand 4101 E. Willow St. Long Beach 90815  View replays on LBTV, Channel 8
Proposed Budget to City Council	Time* August 15, 2006	City Council Chambers 333 West Ocean Blvd. Long Beach, 90802  View real time: • LBTV Channel 8 • Streaming video at www.longbeach.gov
Budget Workshops and Hearings	Time* August 22, 2006 September 5, 2006 September 12, 2006** September 19, 2006**	City Council Chambers 333 West Ocean Blvd. Long Beach, 90802  View real time: • LBTV Channel 8 • Streaming video at www.longbeach.gov

\* Anticipated Start Time: 5:00 pm  
\*\* If needed

**Ending the City's Structural Budget Deficit**

**Balancing The Budget - Finding the Remaining \$10 Million**

As directed by the City Council, for the past three years the City of Long Beach has implemented a multi-year Financial Strategic Plan (Plan) to solve the structural budget deficit in the City's General Fund, which in 2002 was projected to grow as large as \$102 million if nothing were done. The General Fund is used to pay for many critical City services, such as police; fire; emergency medical response; libraries; parks; recreation; code enforcement; sidewalk replacement; and facility and infrastructure maintenance.

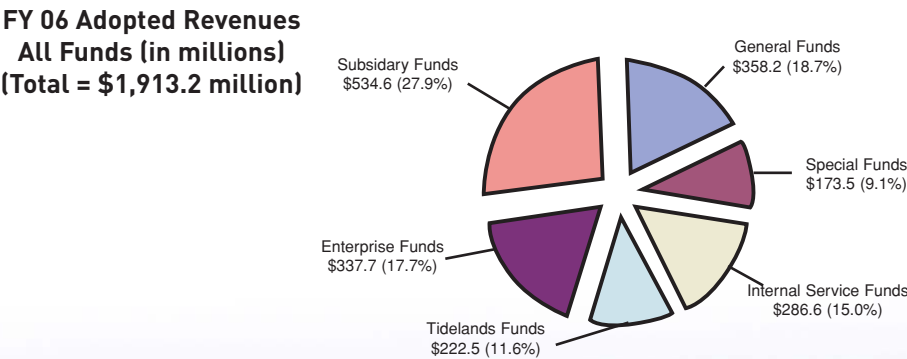
Thanks to extensive and productive community input, City Council deliberations, and City staff implementation, \$92 million in structural budget solutions have been achieved since the adoption of the Plan. The City will use performance management, business process improvement efforts, and possible reductions in City services to identify appropriate solutions to address the remaining \$10 million deficit. Continued community input is needed as the City develops the FY 07 Budget.

**The Revenue Problem**

**Declining Revenue**

Over the past several years, tax revenue and other resources supporting General Fund services declined dramatically. The reduction in revenue over the past several years was the result of many factors, including a voter-approved reduction in the Utility Tax and State take-aways from local governments.

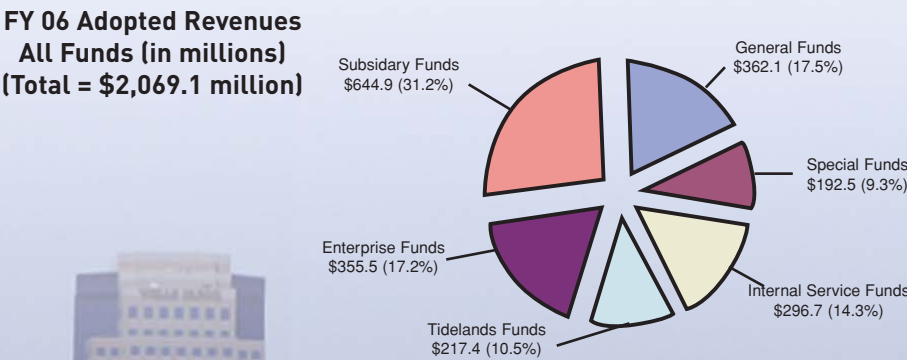
The General Fund, which supports many core City services, makes up approximately 18.7 percent of the total City budget, and is funded through revenue from taxes, fees and other sources. The top General Fund revenues include: Property, Sales, and Utility Taxes, as well as Vehicle License and Business License Fees. In FY 06, the current fiscal year, General Fund revenue sources are expected to total approximately \$358.2 million (see graph below).



**The Expenditure Problem**

**Rising Expenses**

Complicating matters were increasing General Fund expenses, primarily due to escalating workers' compensation, retirement, employee health benefit and general liability insurance costs. Added to that is the increasing cost of materials, including fuel costs; an a increasingly dense population which creates additional demands for City services. In FY 06, the General Fund expenditure budget is \$362.1 million (see graph below).

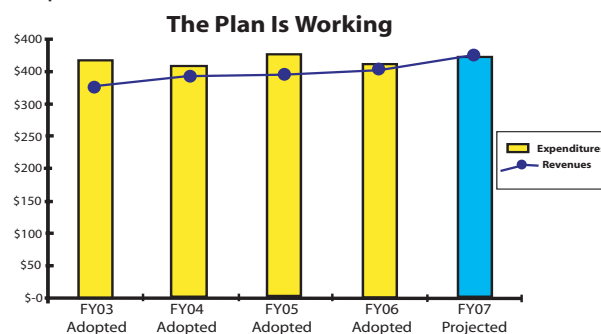


## Meeting Our Goals - Three Years of Hard Decisions

The notable progress of implementing \$92 million in structural deficit solutions was only possible through a collaborative decision-making process and open communication with the community, City Council and City staff. This effort has allowed for the elimination of costs through the submission of thousands of individual solutions including:

- Eliminating more than 400 positions through the careful management of vacancies, thus allowing the City to avoid resorting to large layoffs.
- Closing City Hall East.
- Generating almost \$1 million in cost savings and new revenue through the Code Enforcement Optimization.
- Optimizing Workers' Compensation reduced direct costs by \$2 million annually while improving services to injured City workers.
- Removing more than 250 vehicles from the City's fleet.
- Reducing libraries operational hours from six and seven days-per-week to four and five days-per-week.
- Reducing libraries books, media and electronic materials by 35%.
- Reducing materials, supplies and equipment citywide.

So far, the City has been able to accomplish these reductions without significant impact on the communities priorities of public safety, emergency services and critical infrastructure maintenance. In fact, through the use of Federal grants and other resources, 15 police officers were added to the force during FY 06, and \$5 million has been dedicated to fund critical residential street repairs. The graph below demonstrates the dramatic impact the Plan has had on the structural deficit since implementation in 2003.



## Challenges Remain

### FY 07 Budget

While many successes have been achieved in addressing the City's financial challenges, much work still remains. In fact, at least \$10 million in the General Fund structural deficit remains to be resolved. In recommending solutions for the FY 07 deficit, the City will abide by the following principles:

- Adhere to the Financial Strategic Plan's objectives of fiscal discipline and maintaining core services.
- Reallocate existing resources to more closely align with community priorities.
- Continue to improve the City's business processes to save money and improve service.
- Utilize performance management through the Focus on Results (FOR) Long Beach initiative.
- Increase cost recovery for fee-based services.
- Make further City service and program reductions, if required, to achieve a structurally balanced budget.

These principles must be implemented as our City continues to face many persistent and emerging challenges. For instance, the City struggles to provide services to an increasing population density in particular areas of the city, relatively stagnant job growth and rising levels of poverty. Investment in neighborhoods and infrastructure (streets, sidewalks, storm drains, etc.) is desperately needed. Other priority areas requiring resources include investment in additional police officers to address the community's public safety concerns; emergency response needs and disaster preparedness; and restoration of the City's library services to provide safe places and needed programs for our youth.

## Community Voices and Budget Choices

Your guidance helped the City establish priorities and reduce the projected structural deficit by \$92 million. We ask that you continue to support the City by providing your opinion on the FY07 Budget.

We encourage you to attend one of the many public meetings being held in the city this summer. If you would like to review the FY 06 Budget and the City's Plan before attending a meeting, please visit our website at: [www.longbeach.gov/finance/budget](http://www.longbeach.gov/finance/budget). To receive instant City Budget and Financial updates via the City's e-notify email notification system, simply register at [www.longbeach.gov/enotify](http://www.longbeach.gov/enotify).





# City of **LONG BEACH**

## FOURTH ANNUAL BUDGET SUMMIT

### *Community Voices and Budget Choices A Preview of the Fiscal Year 2007 Budget*

*Join your neighbors in an open dialogue about City operations and services.  
We'll discuss the proposed changes to the Fiscal Year 2007 Budget  
and the community's priorities for City services.*

This is your invitation to:

- Meet Mayor Beverly O'Neill and other elected City officials.
- Meet City Manager Gerald Miller and City staff.
- Hear an update about the City's finances. Learn about proposed changes for next year's budget.
- Talk with the City's Department Directors and learn how this proposed budget will impact the services currently provided by the City of Long Beach.
- Give your opinions.

**Saturday, July 8, 2006**

**9:00 a.m. - 11:30 a.m.**

**The Grand Event Center  
4101 E. Willow, Long Beach**

**Doors open at 8:30 a.m. Program starts promptly at 9:00 a.m.**

**Free childcare, refreshments, and parking will be provided.  
Spanish and Khmer translation will be provided.**

